

LBNL – PROCUREMENT STANDARD PRACTICES

Section: 16 Types of Subcontracts

Subject: 16.1 General Types of Subcontracts

PURPOSE: This standard practice (SP) provides a general overview of subcontract types.

POLICY: Selection of the type of subcontract will be based on consideration of the nature of the goods or services and other circumstances surrounding the subcontract. The cost-plus-percentage-of-cost type of subcontract will not be used.

SCOPE: This SP applies to all subcontracts.

DEFINITIONS: See FAR Part 16 for definitions of the general types of subcontracts.

PROCEDURES:

General

A wide selection of subcontract types is available to provide needed flexibility in acquiring supplies and services required by the Laboratory. Selecting and negotiating the type of subcontract or combination of types should be in the best interest of the Laboratory and the government, except as restricted in this section. Negotiating the subcontract type requires the exercise of sound judgement, taking into account the circumstances of the individual subcontract. Selection of subcontract type is not restricted to those described in Part 16 of the FAR.

Broad Categories

Subcontract types are grouped into two broad categories: fixed price and cost reimbursable type subcontracts. The type of subcontract is determined by the particular circumstances of the goods or services being acquired and the subcontractor's responsibility or risk. Firm-fixed price is the most widely used and preferred type of subcontract.

Terms and Conditions

The terms and conditions applicable to a particular subcontract will be appropriate for the type of subcontract. The terms and conditions will be those approved by Laboratory Counsel and DOE.

Restriction

The cost-plus-percentage-of-cost method of subcontracting shall not be used. Subcontracts (including letter subcontracts) other than firm-fixed price will include an appropriate clause prohibiting cost-plus-percentage-of-cost subcontracts.

RESPONSIBILITIES:

Procurement Specialist

The procurement specialist is responsible for selecting and negotiating the type of subcontract that best meets the needs of the Laboratory using the guidelines in FAR Part 16 and/or locally established procedures.